

**Impartial Analysis
City of Costa Mesa
Measure Q**

Measure Q, known as the “The City of Costa Mesa Retail Cannabis Tax and Regulation Measure” (referred to herein as the “Measure”) would amend Measure X (Ordinance No. 16-15, as amended and as codified in Costa Mesa Municipal Code, Title 9, Chapters I and VI and Title 13, Chapters IV and IX) to authorize the City to adopt an ordinance(s) which permits and regulates retail cannabis uses, defined to include both storefront (dispensaries) and non-storefront (delivery only) businesses, operating in full compliance with state and local laws and regulations, including but not limited to Bureau of Cannabis Control regulations, and which imposes a four percent (4%) to seven percent (7%) gross receipts tax on retail cannabis businesses. Such ordinance must be adopted by a two-thirds vote of the entire City Council membership and must meet specific minimum requirements that: (a) the premises of retail storefront uses may be permitted in the commercial zone only; (b) the premises of retail non-storefront uses may be permitted only in the commercial zone and the Green Zone, as defined; (c) the premises of retail storefront uses must be located a minimum of 1,000 feet from child daycare locations, K-12 schools, playgrounds, and homeless shelters; (d) security measures be in place for all retail cannabis uses including exterior lighting, video monitoring and security guards; (e) a labor peace agreement be required for retail cannabis businesses with two or more employees; (f) the gross receipts tax imposed be a minimum of 4% and a maximum of 7% (raising up to approximately \$2.6 million); and (g) the proceeds of the gross receipts tax be subject to an annual audit by certified public accountants, reported to the City Council, posted on the City’s website and available for public inspection. The tax would be applicable to all retail cannabis uses located within the City, and to any business located outside the City which delivers cannabis into the City, if permitted. The existing prohibitions in the Municipal Code against sale and delivery of cannabis products within the City remain in place until such time as the City Council adopts an ordinance regulating these uses pursuant to the Measure.

So long as the minimum requirements of the Measure are not reduced, the City Council can approve future changes or amendments to an authorized ordinance pursuant to the procedures set forth in the Government Code and the Municipal Code, except that it must be adopted by a two-thirds vote of the entire City Council. However, any future enlargement of the areas within which retail cannabis uses may be located, any reduction in the minimum standards set forth in the Measure and/or any reduction in the gross receipts tax below 4% or any increase above 7% must be approved by a vote of the electorate.

A “no” vote would continue the existing prohibition on retail and delivery of cannabis in the City.

THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE Q. IF YOU WOULD LIKE A COPY OF MEASURE Q OR THE PROPOSED ORDINANCE, PLEASE CONTACT THE COSTA MESA CITY CLERK’S OFFICE AT (714) 754-5225 AND A COPY WILL BE MAILED TO YOU AT NO COST, OR IT IS AVAILABLE ONLINE AT www.costamesaca.gov.

Dated: July 29, 2020

s/ Kimberly Hall Barlow
City Attorney